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**VELINDRE UNIVERSITY NHS TRUST AUDIT COMMITTEE FOR NHS WALES SHARED SERVICES PARTNERSHIP**

**MINUTES OF THE MEETING HELD ON**

**TUESDAY 24 JANUARY 2023 / 14:00 – 16:00**

**BY TEAMS APPOINTMENT**

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| **EXPECTED ATTENDEES:** | | | |
| **ATTENDANCE** | **DESIGNATION** | | |
| **INDEPENDENT MEMBERS:** | | | | |
| Martin Veale (Chair) | Chair & Independent Member | | |
| Gareth Jones (GJ) | Independent Member | | |
| Vicky Morris (VM) | Independent member | | |
| **ATTENDANCE** | **DESIGNATION** | **ORGANISATION** |
| Neil Frow (NF) | Managing Director | NWSSP |
| Tracy Myhill (TM) | NWSSP Chair | NWSSP |
| Andy Butler (AB) | Director of Finance & Corporate Services | NWSSP |
| Peter Stephenson (PS) | Head of Finance & Business Improvement | NWSSP |
| Linsay Payne (LP) | Deputy Director of Finance & Corporate Services | NWSSP |
| Carly Wilce (CW) | Corporate Services Manager | NWSSP |
| Simon Cookson (SC) | Director of Audit & Assurance | NWSSP |
| James John (JJ) | Head of Internal Audit | NWSSP |
| Sophie Corbett (SCo) | Deputy Head of Internal Audit | NWSSP |
| Mark Weston (MW) | Local Counter Fraud Specialist | NWSSP |
| Lauren Fear (LF) | Director of Corporate Governance | Velindre |
| Matthew Bunce (MB) | Director of Finance | Velindre |
| Steve Wyndham (SW) | Audit Lead | Audit Wales |

| **Item** |  | **Status** |
| --- | --- | --- |
| 1. **STANDARD BUSINESS** | | |
| **1.1** | **Welcome and Opening Remarks**  Welcome was given to Audit Committee members. |  |
| **1.2** | **Apologies**  Apologies were received fromSteve Ham, Velindre NHS Trust. |  |
| **1.3** | **Declarations of Interest**  MV declared a potential interest as an Audit Committee independent member at Monmouthshire County Council, in item 6.1 of the agenda relating to surplus beds and their distribution to local authorities and care homes. LP confirmed that NWSSP was not involved in the arrangement as to where the beds were allocated as Welsh Government coordinated this, so there is no conflict of interest. |  |
| **1.4** | **Minutes of Meeting held on 11 October 2022**  The minutes of the meeting held in October 2022 were **AGREED** as a true and accurate record of the meeting. |  |
| **1.5** | **Matters Arising from Meeting on 11 October 2022**   1. SW stated that there is no further update on defined criteria for risk ratings and he was unable to confirm if and when this might be addressed. Members agreed that a sensible approach would be to remove the action from the matters arising log and monitor progress through the forward planner. SW would bring back an update to the July meeting. 2. Positive and constructive feedback has been received from the Finance Academy Board regarding the recently developed counter fraud e-learning package. AB would discuss with the NWSSP Director of People and OD the possibility of making the course mandatory. 3. Health and Care Standards - On agenda. 4. SW confirmed that fee consultation responses had been published on the Audit Wales website a week prior to the meeting. Audit Wales had not yet reviewed the full list of comments received but further discussion would take place with any Health body that raised a concern. 5. It was agreed at the last meeting, that the action plan arising from the Project Governance internal audit review, would be monitored via the respective Governance Boards to avoid duplication. An update on progress would be brought to the April 2023 meeting. 6. CW to arrange a future face to face Audit Committee meeting. MV was conscious of the geographical location of some members and suggested that a face-to-face meeting would be beneficial, but it should be planned well in advance for those travelling a significant distance. It was therefore agreed that the 11 July 2023 meeting would be held face to face at IP5, to include a tour of the site for independent members.   TM asked that deadlines be recorded on the action plan to ensure they are specific and are time bound for responsible owners. | **CW** |
| **2.0** | **NWSSP Update**  NF provided an update to the committee as to recent developments within NWSSP since the last meeting, including:   * Technology was successfully implemented on 30th September 2022 across NHS Wales to allow pre-employment checks to be undertaken virtually for all UK and Irish passport holders. A reduction in time to hire has been noted since its implementation, however recruitment activity continues to be a challenge across Wales; * Following a recent national Penicillin V shortage, CIVAS@IP5 medicines unit utilised its national portfolio and MHRA wholesale dealer licence to procure significant quantities of Penicillin direct from the manufacturer; * From the 1st April 2023 management of all emergency planning / medicines storage of Welsh Government owned stock will transfer to NWSSP; * On 22nd December 2022, the Low Vision Service Wales (LVSW) transferred to NWSSP, it was previously undertaken by Hywel Dda UHB; * Work is continuing to assist Welsh Government in the establishment of the new Citizens Voice Body and a separate virtual private database code has been established; * Capital funding for the Laundry Services Modernisation Programme continues to be an issue, NWSSP are currently considering alternative options to progress the work needed to meet the minimum standards; and * Neil Davies is retiring as the Director of Specialist Estates Services; his deputy Stuart Douglas has been successfully appointed and will commence in post in February.   The Committee **NOTED** the Update Report. |  |
| 1. **EXTERNAL AUDIT** | | |
| **3.1** | **Audit Wales Update**  SW presented the latest position statement and details as to current and planned work. The audit of Local Authority accounts is currently on-going and the exact timings of the audits for NWSSP and other NHS Wales organisations is still uncertain. The delay is due to the introduction of the new auditing standards which has significantly impacted the team’s capacity. Richard Harries has taken over from Clare James as Engagement Director and a meeting had been arranged to introduce Richard to AB and NF.  The Committee **NOTED** the Update. |  |
| 1. **INTERNAL AUDIT** | | |
| **4.1** | **Internal Audit Position Statement**  JJ presented the latest Internal Audit Position Statement together with an overview of other activity undertaken since the previous meeting. Key points to highlight are that three further audits have been completed, all of which received a reasonable assurance opinion. A number of other audits are in progress. The team are currently developing the 2023-24 Internal Audit Plan, and this will be reviewed with the Senior Leadership Group in March and brought to the Audit Committee for formal approval in April 2023.  The Committee **NOTED** the Position Statement. |  |
| **4.2** | **Internal Audit Reports**  The following Internal Audit Reports were presented to the Committee by SCo:  **Recruitment Services**  The report received reasonable assurance, with two recommendations for action. The Committee expressed concerns regarding the adequacy of the management response on one of the recommendations and requested AB to discuss this with the Director of People and OD outside of the meeting.  AB emphasised that the recruitment team had been under significant pressure due to increased activity for a long period of time. Over 30 additional staff have been recruited to help meet the spike in demand and it was therefore pleasing to receive such a positive outcome from the internal audit review.  **Laundry Services – Glan Clwyd**  The audit achieved a rating of reasonable assurance with one high priority recommendation relating to the physical condition of the building and security of the site and one medium priority rated recommendations for action. The Laundry Transformation Programme would address these issues but at present funding to take forward the required improvements is still being negotiated with Welsh Government.  VM highlighted the significant progress made in relation to PADR compliance for the service. The service was congratulated for their efforts in achieving an 85% compliance rate.  **Accounts Payable**  The report covers the annual review of Accounts Payable on behalf of NHS Wales who all utilise the service. The report noted the significant increase in the workload of the division in recent years. The opinion of reasonable assurance was given after three medium and one low priority recommendations were noted.  The Committee **NOTED** the Internal Audit Reports. | **AB** |
| 1. **COUNTER FRAUD** | | |
| **5.1** | **Counter Fraud Position Statement**  MW presented the Counter Fraud Position Statement to the Committee. As at 31 December 2022, a total of 148 days of Counter Fraud work has been completed against the agreed 242 days in the Counter Fraud Annual Work-Plan for the 2022/23 financial year. The report summarised the following activity in the last quarter:   * Three fraud awareness sessions have been delivered and a fraud awareness survey was issued to staff with 304 responses received; * Positive feedback has been received from the Finance Academy in regard to the new e-learning package; * There have been two cases of fraud referred, relating to working whilst on sick leave, and a salary overpayment where a repayment plan has been agreed; * A case from the previous quarter relating to a Primary Care Contractor selling PPE items on social media totalling the value of £2,700 remains ongoing; and * Undertaking of risk assessment exercises in partnership with other counter fraud leads to avoid duplication.   VM asked if there are any Key Performance Indicators (KPI’s) or targets in place to report against for staff training. MW confirmed that there are no KPI’s set at present, but this is being considered.  The Committee **NOTED** the Update. |  |
| 1. **GOVERNANCE, ASSURANCE AND RISK** | | |
| **6.1** | **Update on Surplus Beds**  LP presented a paper on the utilisation of surplus bed stock that resulted from the NHS Wales Covid response. At the start of the response to the pandemic in early March 2020, NWSSP were requested by Welsh Government to co-ordinate the central purchase of beds and mattresses for NHS Wales to equip the field hospitals being established.  As the pandemic progressed, it became evident that the first wave in Wales was not going to realise the forecast demand for field hospital beds, and NWSSP worked with suppliers to cancel a number of large orders for beds that had been placed and at that point had not yet been delivered. There were however a large number of beds that had been delivered to field hospitals that were in the process of being dis-established and were subsequently placed in storage provided by Welsh Government.  At 31st March 2021, the bulk of the surplus stock of these beds remained despite numerous attempts for the items to be provided to UHBs as part of any bed replacement programme. UHBs deemed these beds as not being of hospital grade and therefore unsuitable for use within NHS Wales. Due to this, Audit Committee and Welsh Government approval was sought to write off the value of these beds in 2020/21 totalling £5.7million which was funded by Welsh Government  At September 2022 we reported 2,328 surplus beds remained in stock with 198 of these being provided during the month for transport to hospitals in Moldova supporting the Ukraine war response. At that time it was reported that options were being explored with Welsh Government to repurpose the remaining beds and mattresses. At the beginning of January 2023, an additional 1,805 beds and 1,667 mattresses have been repurposed to Local Authorities and Care Homes across Wales, with only 325 beds and 463 mattresses now remaining to be allocated.  The Committee **NOTED** the Update. |  |
| **6.2** | **Risk Management**  PS presented a number of Risk Management documents to the Audit Committee:  ***Risk Appetite Statement***  This requires annual review by the Committee and was last presented at the June 2021 meeting. The statement was informally reviewed at the Shared Services Partnership Committee (SSPC) Development Day on 11 November 2022 and the Informal Senior Leadership Group on the 10th of November. It was then formally approved at the SSPC held on 19th January.  Following the two reviews in November 2022 referred to above, the statement has been significantly amended, both in terms of content and format. The format has been updated to reflect the latest guidance from the Good Governance Institute and the content has been updated to reflect a bolder approach to taking risk, which was encouraged by both members of the SLG and SSPC.  VM asked how assurance would be provided that the additional level of risk-taking endorsed by the SSPC would not have a detrimental effect on quality. PS replied that the Statement is a high-level guide and that all decisions and associated risks would continue to be judged on their individual merits, with controls and further mitigating actions in place to give a better chance of a successful outcome.    GJ asked if the Risk Statement was consistent (and whether it needed to be) with the Velindre NHS Trust’s Statement as host. PS replied that there was no requirement for them to be the same as each organisation delivered separate services. He also highlighted that both LF and MV were at the development day where the revision in approach was agreed.  ***Corporate Risk Register***  Following a deep dive of the risk register at the November SLG the number of red risks has increased significantly and are summarised below.   * Inflationary consequences of the situation in Ukraine and the resultant impact on energy prices remains red; * As a consequence of the above risk, an additional risk has been identified, which considers the role that NWSSP plays as lead purchaser for the whole of NHS Wales, and the reputational risk that is associated with the role; * Existing risk relating to the impact of industrial action has been escalated from amber to red, as strike action is confirmed; * Similarly, the existing risk of having insufficient staff resource to meet demands has also been escalated from amber to red; * The current dispute with the supplier of a new system has also been escalated from amber to red; * The Laundry Transformation Programme has been added as a red risk due to the uncertainty over of capital funding for the scheme; and * Issues with the roof at Brecon House in Mamhilad has also been added as a red risk due to serious damage through water ingress and falling masonry, making the building unsafe for staff.   **Risk Assurance Mapping**  PS presented the update to the Committee, explaining that Assurance maps for NWSSP had first been presented to the Audit Committee in November 2017 and are updated annually to ensure they remain current. The last review demonstrated that the vast majority of risks had adequate assurance in place and the maps had been updated to include newly acquired services, such as Medical Examiner, Laundry and CIVAS.  PS reminded Committee members that the assurance maps focus only on inherent risks (i.e. the specific risks of doing business) and that having the right assurances in place is not a guarantee that things will not go wrong but rather an early warning mechanism if they do.  An internal audit of risk management is currently underway, and the assurance maps are included within the scope of the audit.  The Committee **NOTED** the Update. |  |
| **6.3** | **Health and Care Standards**  PS presented the committee with an update on the Health and Care Standards annual Self-Assessment, which is consistent with last year’s evaluation of Level 4. The eight appendices were not included in the board pack due to the size of the files, however it was confirmed that they had been reviewed and approved at the Velindre NHS Trust Quality and Safety Committee (QASC) in November, chaired by VM. The report was then taken to the SSPC earlier this month for endorsement.  PS explained that the new Duty of Quality Bill is being introduced from April and he understood that the requirement to complete the Health and Care Standards would end. It would therefore be useful to discuss the implications of the Duty of Quality at a future meeting.  VM confirmed that Velindre NHS Trust Senior Management Team have recently discussed the cycle of business for the forthcoming year and ultimately any actions from the Health and Care Standards action plan 2021-22 report would be addressed under the new duty.  **The Audit Committee NOTED the Health and Care Standards Self-Assessment update.** |  |
| **6.4** | **Governance Matters**  AB presented the paper, which provides the Committee with an update on relevant matters since the last Committee meeting, including that:   * There have been no departures from Standing Orders; * NWSSP let 38 contracts during the reporting period; * 22 All-Wales contracts have been let for the period; of which 10 were at briefing stage, seven at ratification stage and five were extensions against contracts; * There were three declarations made as to gifts, hospitality, and sponsorship during the reporting period; * There was a nil return to Welsh Government in respect of the quarterly update on limited and no assurance reports for Internal Audit.   AB explained that there may need to be further stock write-offs, and increased provisions particularly relating to PPE, as part of the annual accounts process.  GJ raised a point relating to the Gifts, Sponsorship and Hospitality declarations section of the paper. Details of the declarations included in the paper were limited and should include more detail. CW will include full details of any Gifts, Hospitality and Sponsorship received going forward.  GJ also asked why there was ‘no further action’ in the procurement action required column. It was agreed that the column was not helpful and would be removed going forward.  The Committee **NOTED** the report. | **CW**  **CW** |
| **6.5** | **Tracking of Audit Recommendations**  PS presented the paper noting the following summary:   * The master tracker contains information relating to 68 reports, of which 17 achieved substantial assurance, 30 achieved reasonable assurance, one achieved limited assurance and 20 reports were advisory with no assurance applicable; * The tracker contains 248 recommendations, of which 233 were implemented, five were not yet due, four are not within NWSSP gift of implementation and six are overdue.   Of the six recommendations which had not been implemented within the agreed timescales, PS requested extensions. The six recommendations related to two issues – four relating to the Decarbonisation audit where difficulties in appointing a team had delayed the required actions and two relating to the Audit Wales Nationally Hosted Systems review, where the actions of a supplier had delayed the achievement of ISO accreditation.  The Committee agreed to extend the decarbonisation actions until the end of June and the Hosted System actions until the end of April.  **The Audit Committee REVIEWED the overdue recommendations and APPROVED the revised deadlines.** |  |
| 1. **ITEMS FOR INFORMATION** | | |
| 7.1 | IMTP Plan on a page |  |
| 7.2 | Welsh Language Annual Report 2021-22 |  |
| 7.3 | Audit Committee Forward Plan |  |
| 1. **ANY OTHER BUSINESS** | | |
| **8.1** | **Any Other Business**   * Nothing raised. |  |
| **DATE OF NEXT MEETING:**  Wednesday, 19 April 2023 from 14:00-16:00 via Teams | | |